

PAY ADMINISTRATION

1. REASON FOR ISSUE: To implement provisions of the “Department of Veterans Affairs (VA) Health Care Personnel Enhancement Act of 2004” (Public Law 108-445, dated December 3, 2004) as it relates to pay for Veterans Health Administration (VHA) physicians and dentists. This new pay system is effective January 8, 2006.

2. SUMMARY OF CONTENTS/MAJOR CHANGES: This handbook contains mandatory procedures on pay administration. The pages in this handbook replace the corresponding page numbers in VA Handbook 5007. Part IX of the handbook is replaced in its entirety. These changes will be incorporated into the electronic version of VA Handbook 5007 that is maintained on the [Office of Human Resources Management and Labor Relations Web site](#). Significant changes include:

- a. Establishes a three-component system of pay for VHA physicians and dentists consisting of base pay, market pay, and performance pay.
- b. Eliminates special pay agreements, obligated service requirements and special pay refund liability.
- c. Eliminates 15-year service and 8-year phase-in requirements for special pay to be fully creditable for the computation of retirement benefits.

3. RESPONSIBLE OFFICE: The Compensation and Classification Service (055), Office of the Deputy Assistant Secretary for Human Resources Management and Labor Relations.

4. RELATED DIRECTIVE: VA Directive 5007, “Pay Administration.”

5. RESCISSIONS: None.

CERTIFIED BY:

**BY DIRECTION OF THE SECRETARY
OF VETERANS AFFAIRS:**

/s/Robert N. McFarland
Assistant Secretary for
Information and Technology

/s/R. Allen Pittman
Assistant Secretary for
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PAY ADMINISTRATION

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PART IX. PAY FOR VHA PHYSICIANS AND DENTISTS

1. SCOPE. This part contains mandatory pay administration regulations and procedures for Veterans Health Administration (VHA) physicians and dentists in the Department of Veterans Affairs (VA) appointed under the authority of 38 U.S.C. 305, 7306, 7401(1), or 7405(a)(1)(A). The Secretary retains authority to act on pay matters involving the Under Secretary for Health.

2. AUTHORITY. 38 U.S.C. 305, § 7421(a); 7431, 7432 and 7433 as amended by Public Law 108-445.

3. EXCLUSIONS. The following categories of physicians and dentists are ineligible for pay under this part:

a. Interns and residents (whether paid by stipend or through a disbursement agreement) appointed under 38 U.S.C. 7406;

b. Fee-basis employees appointed under 38 U.S.C. 7405(a)(2);

c. Fellows (including special fellows such as Health Services Research and Development, Medical Informatics, Advanced Geriatrics, and Advanced Spinal Cord Injury) appointed under 38 U.S.C. 7405(a)(1)(D);

d. Research trainees employed as Associate Investigators appointed under 38 U.S.C. 7405(a)(1)(D); and

e. Physicians and dentists employed at the Manila Outpatient Clinic who are foreign nationals paid under local national pay schedules established by the Department of State (DOS).

4. GENERAL. The pay of VHA physicians and dentists consists of three elements: base pay, market pay, and performance pay. This policy is intended to make possible the recruitment and retention of the best qualified workforce capable of providing high quality care for eligible veterans. VA is committed to assuring that the levels of annual pay (base pay plus market pay) for VHA physicians and dentists are fixed at levels reasonably comparable with the income of non-VA physicians and dentists performing like services.

5. DEFINITIONS

a. **Aggregate Pay.** The sum of all payments made to a physician or dentist in a calendar year, exclusive of lump sum annual leave, reimbursement of travel, backpay, and severance. Physicians and dentists appointed under 38 U.S.C. 305, 7306, 7401(1), and 7405(a)(1)(A) may not be paid aggregate compensation in a calendar year higher than the annual pay (excluding expenses) received by the President of the United States.

b. **Annual Pay.** The sum of the base pay rate and market pay. Annual pay is basic pay only for purposes of computing civil service retirement benefits, lump sum annual leave payments, life insurance, thrift savings plan, work injury compensation claims, severance pay, recruitment, relocation, and retention incentives, continuation of pay, and advances in pay.

c. **Base and Longevity Pay Schedule.** A table consisting of 15 rates of base pay, designated as steps 1 through 15. Physicians and dentists advance on the table at the rate of one step for every 2 years of VHA service.

d. **Base Pay Rate.** The rate for a step on the Physician and Dentist Base and Longevity Pay Schedule.

e. **Basic Pay.** The rate of pay fixed by law or administrative action for the position held by an employee before any deductions and exclusive of additional pay of any kind (e.g., market pay, performance pay, recruitment incentive etc.) as prescribed under 38 U.S.C. 7431. However, annual pay is basic pay only for purposes of computing civil service retirement benefits, lump sum annual leave payments, life insurance, thrift savings plan, work injury compensation claims, severance pay, recruitment, relocation, and retention incentives, continuation of pay, and advances in pay. In no instance is performance pay considered part of any individual's rate of basic pay.

f. **Compensation Panel.** A group of physicians or dentists responsible for the evaluation of physicians or dentists and making recommendations to the approving official for annual pay.

g. **Longevity Step Increase.** Advancement to the next higher step of the grade based upon completing the required waiting period of two years (104 weeks) of creditable service.

h. **Management Official.** A person who has supervisory authority over staff or program management responsibility.

i. **Market Pay.** A component of basic pay intended to reflect the recruitment and retention needs for the specialty or assignment of a particular VHA physician or dentist.

j. **Performance Pay.** A component of compensation paid to recognize the achievement of specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. Performance pay is paid as a lump sum in accordance with paragraph 12 of this part.

k. **Tier.** A level within the annual pay range for an assignment or specialty.

l. **Total Pay.** The sum of all payments made to a physician and dentist. Includes base pay, market pay, performance pay, recruitment, relocation, and retention incentives. Excludes cash awards. In Alaska, Hawaii, and Puerto Rico, where the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941, total pay also includes the COLA.

m. **Year.** For purposes of determining base pay under paragraph 7, a year is 52 calendar weeks.

6. RESPONSIBILITIES**a. Secretary**

- (1) Establishes the market pay of the Under Secretary for Health utilizing an appropriate health care labor market.
- (2) Approves nationwide annual pay ranges after consideration of recommendations of the Under Secretary for Health and after concurrence by the General Counsel and the Assistant Secretary for Human Resources and Administration.

b. Under Secretary for Health (or Designee in VACO)

- (1) Recommends annual pay ranges for each specialty or assignment to the Secretary at least once every two years (this authority may not be redelegated);
- (2) Establishes a Steering Committee comprised of non-physician/non-dentist management representatives to develop recommendations for annual pay ranges for each specialty or assignment. The Steering Committee reviews available national pay sources and recommends applicable sources that describe overall compensation practices in broad geographic scope;
- (3) Establishes VHA performance guidelines and objectives for performance pay determinations;
- (4) Approves membership to the VACO physician and dentist Compensation Panel (the panel that recommends individual annual pay determinations for physicians and dentists in assignments centralized to the Secretary or Under Secretary for Health);
- (5) Approves total pay in excess of \$275,000 per annum;
- (6) Approves performance pay amounts for physicians and dentists in VACO and those in positions centralized to the Secretary or the Under Secretary for Health;
- (7) Approves requests for exceptions to the nationwide pay ranges in accordance with the provisions of appendix B of this part;
- (8) Refers physicians and dentists in VACO and those in positions centralized to the Secretary or the Under Secretary for Health to the applicable Compensation Panel for review at least once every 24 months and at such other times deemed necessary; and
- (9) Approves assignment to tier and total pay for tier 4 assignments and for those physicians and dentists assigned to any tier on the Executive annual pay range.

c. Network Directors (or Designee)

- (1) Approve membership to the physician and dentist Compensation Panel at the VISN level;

- (2) Review and recommend approval or disapproval of total pay in excess of \$275,000 per annum that requires Under Secretary for Health approval (this authority may be redelegated in whole or in part);
- (3) Approve total pay up to \$275,000 per annum for physicians and dentists under their jurisdiction;
- (4) Establish VISN performance goals in conjunction with the strategic objectives of the Under Secretary for Health for performance pay determinations on an annual basis;
- (5) Approve performance pay amounts for physicians and dentists under their jurisdiction;
- (6) Refer physicians and dentists under their jurisdiction to the applicable Compensation Panel for review at least once every 24 months and at such other times deemed necessary;
- (7) Approve total pay and performance pay amounts for facility Chiefs of Staff; and
- (8) Approve assignment to tier and total pay for tier 3 assignments.

d. Facility Directors (or Designee)

- (1) Approve membership to the physician and dentist Compensation Panel at the local level;
- (2) Approve assignment to tier and total pay for individuals not to exceed \$275,000 per annum or other threshold set at the VISN level for tier 1 and tier 2 assignments under their jurisdiction (excluding Chief of Staff);
- (3) Establish local performance goals in conjunction with the strategic objectives of the Under Secretary for Health for performance pay determinations on an annual basis;
- (4) Approve performance pay amounts for tier 1 and tier 2 physicians and dentists at their facility, except Chiefs of Staff. The authority to make performance pay decisions may be delegated to an appropriate management official; and
- (5) Refers physicians and dentists at their facility to the applicable Compensation Panel for review at least once every 24 months and at such other times deemed necessary.

e. Chiefs of Staff and Other Management Officials

- (1) Communicate performance objectives to individual physicians and dentists employed at their facility; and
- (2) Make performance pay recommendations.

f. Deputy Assistant Secretary for Human Resources Management and Labor Relations. The Deputy Assistant Secretary for Human Resources Management and Labor Relations advises the Under Secretary for Health and other key officials on the regulations, policies, and procedures contained in this part.

g. Human Resources Management Officers and the Director, Central Office Human Resources Service

- (1) Advise facility management on the regulations, policies, and procedures contained in this part;
- (2) Ensure that the policies and procedures concerning physician and dentist pay as described in this part are adhered to;
- (3) Ensure that covered employees are aware of the policies governing the establishment and adjustment of physician and dentist pay; and
- (4) Prepare requests for total pay for an individual to exceed \$275,000 per annum or other threshold set at the VISN level in accordance with the procedures in paragraph 14.

7. BASE PAY

- a. Each physician and dentist covered by this part is entitled to a base pay rate determined under the Physician and Dentist Base and Longevity Pay Schedule.
- b. The Physician and Dentist Base and Longevity Pay Schedule contains 15 rates of base pay, designated as steps 1 through 15. The rates of pay that correspond to each step are published annually on the [Office of Human Resources Management and Labor Relations Web site](#). The initial Physician and Dentist Base and Longevity Pay Schedule, effective January 8, 2006, is provided in appendix IX-C of this part.
- c. The base pay rate payable to a physician or dentist is determined by the number of total years of service the physician or dentist has worked in the VHA as reflected by his/her VA service date. The total years of service will be applied to the step rate payable as follows. For the purposes of this paragraph, 104 weeks of creditable service will be counted as two years of service.

Total Service (as determined by VA service date)	Rate Payable
Two years or less	Step 1
More than 2 years and not more than 4 years	Step 2
More than 4 years and not more than 6 years	Step 3
More than 6 years and not more than 8 years	Step 4
More than 8 years and not more than 10 years	Step 5
More than 10 years and not more than 12 years	Step 6
More than 12 years and not more than 14 years	Step 7
More than 14 years and not more than 16 years	Step 8
More than 16 years and not more than 18 years	Step 9
More than 18 years and not more than 20 years	Step 10
More than 20 years and not more than 22 years	Step 11
More than 22 years and not more than 24 years	Step 12
More than 24 years and not more than 26 years	Step 13
More than 26 years and not more than 28 years	Step 14
More than 28 years	Step 15

NOTE: *A description of the types of service creditable towards the calculation of the VA service date are contained in appendix A of this part.*

d. Base pay rates are adjusted on the same effective date and by the same percentage as any General Schedule adjustment under 5 U.S.C. 5303, exclusive of locality comparability payments under 5 U.S.C. 5304.

e. Since the step rate is based solely on tenure, a physician or dentist may not be adjusted higher or lower in step, except for corrections under subparagraph f below.

f. A physician or dentist with unverified prior VHA service at the time of appointment will be placed at Step 1. Upon receipt of the employee's Merged Record Personnel Folder, the step will be redetermined in accordance with the provisions of subparagraph c above. The responsible Human Resources office will process any step adjustment resulting from this review as a retroactive correction to the appointment action. When processing a correction of this type, the Compensation Panel should review its previous recommendation of the provider's market pay to ensure that it has properly considered the provider's actual prior service, and if necessary, it may also recommend retroactively correcting market pay at this time. This may result in an increase or decrease in the market pay component.

8. LONGEVITY STEP INCREASES

a. **Eligibility.** Longevity step increases (LSIs) will be granted to physicians and dentists that are receiving less than the maximum step rate (step 15) on the Physician and Dentist Base and Longevity Pay Schedule. If such an increase would cause the employee's annual pay (sum of base and market pay) to exceed the amount of annual pay (excluding expenses) received by the President of the United States as specified in 3 U.S.C. 102, the employee will only receive the portion of the increase that does not exceed the annual limitation. The following remark will be used for LSIs that result in an annual pay rate in excess of the annual limitation: "Annual pay rate (base pay plus market pay) would be \$_____ if not limited by 38 U.S.C. 7431(e)(4) and 3 U.S.C. 102." See paragraph 14c for information regarding the annual pay limitation.

b. **LSI Waiting Period.** Each eligible physician and dentist will be advanced one step upon completion of two years (104 weeks) of creditable service in VHA.

c. **Creditable Service.** The following service is counted as creditable in the computation of waiting periods for longevity step increases:

(1) Continuous paid full-time, part-time, or intermittent assignment on an indefinite or time limited basis, in the VHA under authority of 38 U.S.C. 7401(1), 7405(a)(1)(A) or 7306.

NOTE: *The period spent in part-time service is covered as though it had been performed on the basis of full-time service. For an intermittent employee, 1 day of credit is given for each day of service in a pay status; 520 compensable days are equivalent to a waiting period of 104 calendar weeks; the accumulation of 520 compensable days must extend over a period of not less than 104 calendar weeks.*

- (2) Time elapsing on annual, sick or other leave with pay, including periods for which annual or sick leave is advanced.
- (3) Leave without pay not to exceed a total of 30 calendar days in the LSI waiting period.
- (4) Active military duty when otherwise creditable service is interrupted.
- (5) Any period of 120 calendar days or less between discharge or termination of active military service and re-employment under mandatory provisions of any statute or regulation.
- (6) Actual service rendered prior to an extended absence on leave without pay, regardless of the length of such absence, which is due to injury or illness incurred as a direct result of employment.
- (7) Leave of absence granted to an employee who is receiving compensation for work injuries under 5 U.S.C. chapter 81.

d. **Effective Date.** Longevity step increases are effective on the first day of the first pay period following completion of the required waiting period.

9. MARKET PAY

a. Each physician and dentist covered by this part is eligible for market pay. Market pay is intended to reflect the recruitment and retention needs for the specialty or assignment of a particular physician or dentist at a VA facility.

b. At least once every two years, the Secretary prescribes nationwide minimum and maximum amounts of annual pay (base pay plus market pay) that will be paid under this paragraph. These amounts are published in the Federal Register for not less than 60 days prior to the effective date. The Secretary may prescribe different ranges for different specialties or assignments. In determining pay ranges, at least two or more national surveys of pay for physicians and dentists are consulted. National surveys consulted include data that describes overall physician and dentist income by specialization or assignment and benefits in broad geographic scope. Annual pay ranges approved by the Secretary are available on the [Office of Human Resources Management and Labor Relations Web site](#).

(1) When VA increases the nationwide minimum and/or maximum amounts of annual pay under this paragraph, physicians and dentists are not automatically entitled to a corresponding increase in their individual annual pay rates. Only physicians and dentists whose existing rate of annual pay falls below the newly prescribed nationwide minimum for their designated pay range will automatically receive an increase in market pay to make their annual pay rate equivalent to the new nationwide minimum. Compensation Panels review the market pay rates for individual physicians and dentists on a periodic basis under the provisions of paragraph 10.

(2) In the event that the nationwide minimum and maximum amounts of annual pay are reduced under this paragraph, physicians and dentists already on VA rolls will not experience a reduction in market pay.

c. There may be up to four tiers of annual pay for each specialty or assignment for which a separate range of pay has been approved. Each tier reflects different professional responsibilities, professional achievements, or administrative duties. The tier definitions for the annual pay ranges established for individual clinical specialty schedules are as follows:

- (1) **Tier 1.** Staff
- (2) **Tier 2.** Service chiefs, section chiefs and other supervisors or program managers
- (3) **Tier 3.** Network-level program manager and/or Network-level supervisory responsibilities within the specialty
- (4) **Tier 4.** National program responsibilities that may include designation as a Chief Officer or Chief Consultant, or other assignment that meets the level of responsibility equivalent to that of a national level.
- (5) **Employees with Dual Assignments Appointed by VHA Headquarters.** The responsible Human Resources office(s) shall refer a physician or dentist who is appointed to a VHA Headquarters position and who divides his/her time between multiple assignments (e.g. staff physician at a medical center 50 percent and VACO national program office staff physician 50 percent) addressed by different tier levels (e.g. tier level 1 and tier level 4), to the VACO Compensation Panel for tier and annual pay recommendations.

NOTE: *Certain assignments, such as Chief of Staff or other administrative assignments, may have uniquely defined tiers (separate from those defined in subparagraph c above) established by the Under Secretary for Health. Such definitions will be included on the published pay schedule.*

d. The amount of market pay and appropriate tier for a particular physician or dentist is recommended to the approving official by a Compensation Panel as described in paragraph 13 below.

e. The determination of the amount of market pay of a particular physician or dentist shall take into consideration:

- (1) The level of experience of the physician or dentist in the specialty or assignment;
- (2) The need for the specialty or assignment of the physician or dentist at the facility;
- (3) The appropriate health care labor market for the specialty or assignment of the physician or dentist;
- (4) The board certifications, if any, of the physician or dentist;
- (5) The accomplishments of the physician or dentist in the specialty or assignment;
- (6) The prior experience, if any, of the physician or dentist as an employee of the VHA;
- (7) Consideration of unique circumstances, qualifications or credentials, if any, and the comparison of these circumstances to the equivalent compensation level of non-VA physicians or dentists in the local health care labor market; and

(8) In Alaska, Hawaii, and Puerto Rico, the Office of Personnel Management has approved a non-foreign cost-of-living allowance (COLA) under 5 U.S.C. 5941 which is intended to address living costs substantially higher than those in Washington, DC, and/or conditions of environment substantially different from those in the Continental United States. When determining market pay amounts for providers in these areas, the Compensation Panel should consider the COLA amount the provider will receive to ensure the provider is adequately, but not excessively, compensated for these issues.

NOTE: *The law requires the Compensation Panel to consider all factors. Where a provider spends a significant amount of time away from clinical duties within his/her specialty or assignment, the time spent away from clinical duties may impact on the provider's level of experience in the specialty or assignment, availability to work in the specialty or assignment, and/or accomplishments in the specialty or assignment, and may therefore be considered in connection with items (1), (2), and (5) above when recommending a market pay amount.*

f. The Compensation Panel action will normally be recommended and approved prior to the effective date of appointment. In unusual circumstances, a physician or dentist may be appointed without Compensation Panel review. The following conditions apply:

(1) The physician or dentist will be paid only the applicable base pay rate on the Base and Longevity Pay Schedule until a Compensation Panel action is approved.

(2) The physician or dentist must be reviewed by the appropriate Compensation Panel within the 30 days following the effective date of appointment.

(3) Once the Compensation Panel action is approved, the market pay rate will be retroactive to the effective date of the appointment.

g. Compensation Panel recommendations are taken into consideration by the appropriate approving official. The approving official determines the amount of market pay to be paid a physician or dentist after consideration of the range and tier recommended by the panel. The approving official's decision is final.

10. MARKET PAY ADJUSTMENTS FOR INDIVIDUAL PHYSICIANS AND DENTISTS

a. At least once every 24 months, the market pay of each physician and dentist is reviewed by the appropriate Compensation Panel in accordance with the criteria in paragraph 9e. Each physician and dentist will be provided a written notice of the results of the review, even if the review does not result in a pay adjustment. The Notification of Personnel Action, SF-50, as well as the Compensation Panel form VA 10-0432A, serve as the written notice.

b. The market pay of a physician or dentist is also reviewed upon change in assignment and at any such additional times as deemed necessary or appropriate by an appropriate management official. Change in assignment refers to a permanent change in official duty station, change in duty basis (i.e., to/from full-time, part-time or intermittent), change in tier, or a significant change in duties as determined by an appropriate management official.

c. A market pay review cannot result in a reduction in market pay for a physician or dentist remaining in the same position or assignment at the same duty station. Market pay may only be reduced upon change in assignment or as the result of a correction to the appointment action under the provisions of paragraph 7f.

d. The market pay amount authorized by the approving official is a final decision. There is no reconsideration process. However, employees may request reconsideration of a tier determination under the provisions of paragraph 11 below.

11. RECONSIDERATION OF TIER DETERMINATION

a. If a physician or dentist believes that his/her tier determination is improper based on the nature of his/her assignment, the employee may submit a request for reconsideration to the official that approved the tier recommendation. These reconsideration procedures do not apply to appointment actions.

(1) The request for reconsideration must be submitted in writing to the approving official (i.e., the official who approved the tier recommendation) within 30 days of the end of the pay period in which the pay determination is effected.

(2) The request must cite specific facts and circumstances that support the employee's belief that his/her tier determination is inappropriate.

b. On review of the information provided in the employee's request for reconsideration, the approving official will decide whether to refer the employee's request for reconsideration to the Compensation Panel.

(1) If the approving official determines that the request for reconsideration merits further review, the request will be referred to the *appropriate* Compensation Panel for a pay recommendation. For example, if the facility Director determines that a request for reconsideration of a Tier 1 or Tier 2 employee might result in the employee being placed at Tier 3 or Tier 4, the reconsideration request will be referred to the Network or VACO Compensation Panel rather than the local Compensation Panel that made the initial recommendation.

(2) If the request is referred to a Compensation Panel, the approving official will consider the recommendation of the Compensation Panel, record his/her decision on VA Form 10-0432A, and a copy will be provided to the employee.

(3) If the approving official determines that the tier determination is appropriate and that review by the Compensation Panel is not necessary, the employee will be notified of the decision in writing.

c. Any pay adjustments resulting from a reconsideration will be effective the beginning of the first pay period after the approving official's decision.

d. The decision of the approving official is final. There is no further reconsideration.

12. PERFORMANCE PAY

a. Performance pay is intended to recognize the achievement of specific goals and performance objectives prescribed on a fiscal year basis by an appropriate management official. Physicians and dentists not excluded under paragraph 3 of this part are eligible to receive performance pay. The amount is determined solely at the discretion of the approving official based on the achievement of the specified goals and objectives and is paid annually as a lump sum.

b. The amount paid to any individual may vary based on the degree of execution and individual achievement of specified goals and objectives.

c. The amount of performance pay payable to any individual physician or dentist in a fiscal year is determined by the approving official based on the goals and objectives specified for the fiscal year. The amount payable may not exceed the lower of:

(1) \$15,000, or

(2) The amount that is equal to 7.5% of the annual pay in effect for the physician or dentist on September 30th of the fiscal year during the period of time under review.

NOTE: *The amount payable as performance pay to a part-time or intermittent employee shall be based on the full-time equivalent salary. It is **not** prorated based on the normal work schedule or actual earnings. A lower performance pay amount for a part-time employee should be based on the degree to which the part-time employee's expected contributions will be less, not solely because of the part-time status. However, if there is no qualitative or quantitative difference between the expected contributions of a part-time employee and a similarly situated full-time employee, their performance pay amounts should be equal.*

d. Physicians and dentists must be advised of the specific goals and objectives that will be measured in determining their eligibility for performance pay and the maximum monetary value associated with those goals and objectives. These goals and objectives and the maximum amount of performance pay available in connection with achieving the specified goals and objectives should be communicated by an appropriate management official to the individual physician or dentist within 90 days of the beginning of each fiscal year. For newly hired physicians and dentists, goals and objectives should be communicated within 30 days of their entrance on duty. Physicians and dentists hired after July 1 are not eligible for performance pay based on their performance within that fiscal year.

e. Performance goals and objectives are generally developed locally and will differ from performance standards used for the Executive Career Field (ECF) or proficiency rating systems. Examples of categories that may be addressed include outcomes, reduction of waiting times, patient panel sizes, research achievements, performance of compensation and pension exams or other additional tasks, timely completion of medical record documentation, adequacy of medical record documentation for billing purposes, patient satisfaction, exemplary conduct or behavior, teaching students or others, innovations, national priorities, and other areas where improvements, efficiencies or increased effectiveness are identified. Goals and objectives may also be set at the Network or Headquarters level.

f. At the end of each fiscal year, each supervisor evaluates the degree to which each covered individual achieved the goals and objectives communicated at the beginning of the fiscal year. The supervisor completes a VA Form 10-0432 for each individual recommended to receive performance pay. VA Form 10-0432 is forwarded through the appropriate chain of command to the designated approving official for action. The VA Form 10-0432 must include a description of the goals and objectives achieved by the individual that supports the amount of performance pay recommended.

g. Performance payments should be disbursed to employees as soon as possible after the end of the fiscal year but must be made no later than March 31 of the following year.

h. Physicians and dentists who separate from VA employment prior to September 30 are not eligible for performance pay based on their performance within that fiscal year.

i. For physicians and dentists who transfer during the fiscal year, the gaining facility will consult with the previous supervisor to determine the appropriate performance pay amount. For individuals who change positions during the year, performance under previously specified goals and objectives will be considered, and previous supervisors will be consulted as applicable, in determining the appropriate performance pay amount.

j. A physician's or dentist's failure to meet the criteria for performance pay may not be the sole basis for an adverse personnel action against that individual.

13. COMPENSATION PANELS

a. Function of Panels

(1) Compensation Panels recommend the appropriate pay table, tier level and market pay amount for individual physicians and dentists. Appointment actions recommended by the Professional Standards Board require a separate review for a pay recommendation by the appropriate Compensation Panel. The Compensation Panel is also responsible for evaluating the market pay and tier of each physician and dentist under its jurisdiction at least once every 24 months and at such other times deemed necessary by the appropriate management official. A change in duty basis (i.e., to/from full-time, part-time, or intermittent) will also require a re-evaluation of the market pay and tier by the Compensation Panel. Additionally, if it is anticipated that a change in assignment may result in a market pay or tier change, the Compensation Panel must be consulted. Supervisors or other management officials may make market pay and tier recommendations for physicians and dentists being reviewed by the Compensation Panel.

(2) The Compensation Panel will recommend the following with regard to pay for individual physicians or dentists:

(a) The appropriate specialty or assignment pay schedule;

(b) The appropriate tier for the physician or dentist using the tier definitions contained in paragraph 9 of this part or the tier definition contained on the pay schedule, as appropriate; and

(c) A rate or an appropriate range of market pay for the physician or dentist considering the criteria in paragraph 9 of this part and the nationwide minimum and maximum amounts of annual pay prescribed by the Secretary for the specialty or assignment.

(3) Compensation Panel recommendations will be taken into consideration by the appropriate approving official. The approving official determines the amount of market pay to be paid a physician or dentist after consideration of the range and tier recommended by the panel. The approving official's decision is final.

b. **Composition of Panels.** Each panel is comprised of at least three physician or dentist members, as applicable, one of which is designated as chairperson.

(1) **Pay Tables 1-4/Tier 1**

(a) At least one physician or dentist who holds a management position; and

(b) To the extent practicable, at least two physicians or dentists who are practicing clinicians and who do not hold management positions at the facility at which the physician or dentist being considered is or will be employed.

NOTE: *Physician panels will be comprised solely of physicians. Dentist panels will have at least two dentists.*

(2) **Pay Tables 1-4/Tiers 2 and 3.** Panel members must be in a tier equal to or higher than the tier for which the physician or dentist is being considered.

(3) **Pay Tables 1-4/Tier 4 and Pay Tables 5 and 6/All Tiers.** In order to ensure the broadest available pool of members to constitute compensation panels for these executive assignments, at least three members in any combination of physicians and dentists paid from Tier 4 or pay tables 5 and 6 will form a Compensation Panel at this level.

(4) Individuals on pay tables 5 and 6 (chief of staff and executive assignments) may serve on any panel, as deemed appropriate.

(5) Physicians and dentists may not be members of the convened panel that makes recommendations regarding their own pay.

NOTE: *It is recommended that facilities appoint a large number of panel members to increase the likelihood that three members will be available when necessary to constitute a panel.*

(6) Compensation Panel members and other employees having access to information presented or discussed during a Compensation Panel are required to retain that information in strict confidence. Individuals are subject to disciplinary action for violating the confidentiality of the proceedings and may also be barred from continued participation in the Compensation Panel process.

(7) Compensation Panels will consider the comments of the supervisor of the physician or dentist as annotated in Part A of VA Form 10-0432A.

(8) The Human Resources Management Officer or designee will serve as technical advisor on all Compensation Panel recommendations. Compensation Panels are encouraged to consult with other administrative advisors, such as the Fiscal Officer. The approving official may also consult with administrative advisors when making pay decisions.

c. Location of Panels

(1) **Central Office Panels.** VA Central Office panels make market pay range and tier recommendations for employees in assignments centralized to the Secretary or Under Secretary for Health, employees proposed for Tier 4 assignments, and employees directly reporting to VACO officials.

(2) **VISN Panels.** VISN panels make market pay range and tier recommendations for Chiefs of Staff, physicians and dentists under the jurisdiction of a Network Director, when a physician or dentist is proposed for a Tier 3 assignment, when a local panel cannot be properly constituted, and/or when requested by the Facility Director or Network Director.

(3) **Facility Panels.** Facility panels make market pay range and tier recommendations for physicians and dentists under the jurisdiction of the Facility Director for Tier 1 or Tier 2 assignments only (excludes the Chief of Staff). Specific actions may also be referred to the VISN panel when deemed necessary by the Facility Director or Network Director.

d. Approving Authorities for Panel Membership

(1) **Central Office Panels.** The Under Secretary for Health, or designee, approves membership of Central Office panels.

(2) **VISN Panels.** The Network Director approves membership of VISN panels.

(3) **Facility Panels.** The facility Director approves membership of local panels.

e. Documentation

(1) Compensation Panel recommendations and approving official annual pay determinations are documented on VA Form 10-0432A.

(2) VA Form 10-0432A is filed in the employee's Merged Records Personnel Folder.

14. PAY LIMITATIONS

a. Except as provided in subparagraph b and subject to subparagraph c below, the annual pay of a physician or dentist may not be less than the minimum amount, nor more than the maximum amount of the applicable pay range and tier for the corresponding specialty/assignment. For part time employees, the full-time equivalent (i.e., not prorated) annual pay will be used to determine whether the annual pay is within the applicable pay range and tier.

b. The annual pay for a physician or dentist may exceed the maximum amount of the applicable pay range and tier for the corresponding specialty/assignment only as a result of a longevity step increase to base pay (see paragraph 8) or as a result of a statutory general increase in base pay (see paragraph 7d). Exceptions to the maximum of the applicable pay range and tier for the corresponding specialty/assignment are permitted in unusual circumstances and may be requested under the provisions of appendix B of this part.

c. In no instance may the aggregate pay (base pay; market pay; performance pay; recruitment, relocation, and retention incentive; and any other payment under title 38 authority) paid to a VHA physician or dentist in a calendar year exceed the amount of annual pay (excluding expenses) received by the President of the United States as specified in 3 U.S.C. 102. For part time employees, the actual earnings (i.e., annual pay is prorated) will be considered when determining whether this aggregate pay limitation will be exceeded.

d. Total pay in excess of \$275,000 shall require the Under Secretary for Health's approval unless the increase is the result of a longevity step increase or a statutory general increase in base pay. Total pay in excess of \$275,000 will be disapproved if the Under Secretary determines that a lesser amount is sufficient to be competitive for the recruitment and retention of a physician or dentist in the market for the required skills. For part time employees, the full-time equivalent (i.e., not prorated) annual pay will be considered when determining whether the total pay will exceed \$275,000.

(1) The amount of performance pay payable to a physician or dentist will be considered when determining whether the Under Secretary for Health's approval is required under this paragraph. For example, if the proposed annual (base plus market) pay of an individual is \$265,000, the performance pay payable to that individual is \$15,000. The total pay for the individual is potentially \$280,000 (if specific performance goals and objectives are met) and would require the Under Secretary for Health's approval prior to effecting the action with the proposed annual pay of \$265,000.

(2) Requests to exceed (or further exceed) the \$275,000 limitation shall be submitted through appropriate channels to VHA's Management Support Office (10A2) and shall contain the following information:

(a) A narrative justification for the proposed amount of total pay, including any pertinent information on the recruitment and retention history of the position occupied or to be occupied by the physician or dentist.

(b) The Compensation Panel recommendation as documented on VA Form 10-0432A.

e. Exceptions requiring VACO approval under subparagraphs 14 b and 14 d will be effective the beginning of the first pay period beginning on or after the date of approval, or 30 days from the date of receipt in VACO, whichever is earlier.

f. Annual pay for the Under Secretary shall be subject to the provisions of paragraphs 18 and 19 of this part.

15. PAY RATES INCIDENT TO CERTAIN PERSONNEL ACTIONS

a. Appointments, Reappointments, Conversions, and Transfers from Other Agencies

(1) **Employees Without Prior VHA Service.** Employees without prior VHA service as a physician or dentist (including those with other Federal service) are placed at step 1 on the Physician and Dentist Base and Longevity Schedule. The market pay and tier are recommended by a Compensation Panel under the provisions of paragraph 13.

(2) **Employees With Prior VHA Service.** Employees with prior VHA service as a physician or dentist are placed at a step on the Physician and Dentist Base and Longevity Schedule according to their prior service. Instructions for calculating the VA Service Date are contained in appendix A of this part. A chart depicting the appropriate step rate based on the length of service is contained in paragraph 7c of this part. The market pay and tier are recommended by a Compensation Panel under the provisions of paragraph 13.

b. Changes in Assignment

(1) **At the Same Facility or to a Different Facility.** Individuals will retain their step on the Base and Longevity Pay Schedule. The market pay and tier for the new assignment are recommended by a Compensation Panel under the provisions of paragraph 13. If such an assignment results in a reduction in market pay, the affected employee is not entitled to retain the higher rate of market pay. However, if the assignment is involuntary, management may offer retention of market pay if a reduction would be against equity and good conscience or against the public interest. The decision not to grant retention of market pay is not appealable. See subparagraph 16 below for notice requirements when an involuntary assignment in connection with a disciplinary action results in a pay reduction.

(2) **Temporary Assignments and Details.** Individuals temporarily assigned to a position with a different pay range or tier may receive a market pay adjustment after serving in the assignment for 90 days or more. Temporary assignments and details that result in a change in market pay must be documented by an official personnel action under the provisions of VA Handbook 5005. Temporary assignments and details to a lower tier may not result in a reduction of an individual's existing market pay rate. Upon termination of a temporary assignment or detail, an individual's market pay is returned to the amount payable prior to the temporary assignment or detail.

c. **Changes in Duty Basis (Part-Time to Full-Time or Full-Time to Part-Time or Intermittent).** Conversions from a part-time to a full-time duty basis or a full-time to a part-time or intermittent duty basis through a conversion action are considered a change in assignment. Individuals will retain their step on the Base and Longevity Pay Schedule. The market pay and tier are re-evaluated by the Compensation Panel under the provisions of paragraph 13. If the change in duty basis results in a reduction in market pay, the affected employee is not eligible to retain the higher rate of market pay.

d. **Simultaneous Pay Changes.** Employees eligible for two or more pay changes on the same date shall have them processed in the order which provides the maximum benefit. However, when a general adjustment to the Base and Longevity Pay Schedule is made, that general adjustment is processed first.

16. NOTICE REQUIREMENTS FOR REDUCTIONS IN MARKET PAY. Physicians and dentists must be notified in writing when an involuntary assignment in connection with a disciplinary action will result in a reduction in market pay. The notice must provide at least a 30-day advance notice of the effective date of the reduction, the amount of the reduction, and any appropriate appeal rights with regard to the new assignment, as defined in VA Handbook 5021.

17. DUAL APPOINTMENTS. Individuals with part-time appointments at more than one VA facility may receive base, market, and performance pay from each facility subject to the following restrictions:

a. The combined total of performance pay for any fiscal year may not exceed the lower of:

(1) \$15,000, or

(2) The amount that is equal to 7.5% of the sum of the base and market pay payable to the physician or dentist in that fiscal year for his/her highest paying position.

b. Management at the two facilities will coordinate performance pay decisions and communicate regarding the respective market pay decisions to ensure that the provider's earnings do not exceed the limitations contained in paragraph 14 of this part. When determining whether the aggregate pay limitation in paragraph 14c will be exceeded, the provider's projected combined earnings will be considered (i.e., what the provider will actually be paid). When determining whether the Under Secretary for Health's approval is required under paragraph 14d, the provider's full-time equivalent (i.e., not prorated) total pay will be considered separately for each appointment.

c. Two part-time appointments under 38 U.S.C. 7405(a)(1)(A) totaling one full-time position will not confer the rights associated with a full-time (80 bi-weekly hours) permanent appointment under 38 U.S.C. 7401(1).

18. RELATIONSHIP OF PAY TO BENEFITS

a. Base pay under paragraph 7 and market pay under paragraph 9 are considered pay for retirement benefits under chapters 83 and 84 of title 5, life insurance, lump-sum leave payments, the Thrift Savings Plan, and work injury compensation claims.

b. All special pay received under the former 38 U.S.C. 7431 or 38 U.S.C. 4118 is included in basic pay for the purposes of 5 U.S.C., chapters 83 and 84, relating to the computation of civil service annuities.

19. ERRONEOUS PAYMENTS. Under certain conditions, claims of the Government arising out of erroneous payment of pay or allowances made to employees may be waived under the authority of 5 U.S.C. 5584. This includes erroneous payments of base, market, and performance pay.

20. COMPUTATION OF PAY

a. Salary payments for full-time physicians and dentists are computed by dividing the annual pay authorized for the individual by 364 to determine a daily rate. This daily rate is paid for all days of paid service.

b. Salary payments for part-time and intermittent physicians are computed by dividing the annual pay authorized for the individual by 2,080 to determine an hourly rate. This hourly rate is paid for all hours of paid service. Part-time and intermittent physicians and dentists may not be paid for more than 1820 hours (7/8ths) in a calendar year.

21. PAY FOR THE UNDER SECRETARY FOR HEALTH

a. Base pay for the Under Secretary for Health shall be determined in accordance with 5 U.S.C. 5314, i.e., Level III of the Executive Schedule.

b. The Under Secretary for Health who is a physician or dentist shall be eligible for market pay. The Secretary determines the amount of market pay payable to the Under Secretary, after considering the recommendations of the Assistant Secretary for Human Resources and Administration.

c. The Under Secretary for Health is not eligible for performance pay.

d. Annual pay for the Under Secretary shall be subject to the provisions of paragraphs 18 and 19 of this part.

22. INITIAL IMPLEMENTATION INSTRUCTIONS. Current VHA physicians and dentists will be converted to the new pay structure in the following manner:

a. **Effective Date.** The provisions contained in this part are effective January 8, 2006.

b. **Base Pay**

(1) The placement of current employees on the Physician and Dentist Base and Longevity Pay Schedule is determined based on each individual's VA Service Date. One step is granted for every 2 years of service as a physician or dentist in VHA, up to a maximum of Step 15 for service in excess of 28 years. A chart depicting the appropriate step rate based on the length of service is contained in subparagraph 7c of this part. The corresponding salary rates are provided in appendix IX-C of this part.

(2) The PAID system will automatically convert each current physician and dentist to the appropriate step based on his/her VA Service Date of record and produce a Notification of Personnel Action, SF-50. Local action is not required. A new salary date will also be calculated automatically for each physician and dentist.

c. **Market Pay**

(1) All physicians and dentists are initially placed in a temporary tier 0 established solely for this conversion. The initial rate of market pay for each physician and dentist is the amount that reflects the difference between the new base pay rate identified in subparagraph b above and the former total pay rate (base pay plus special pay) as adjusted by the amount of the January 8, 2006, general pay increase. The former total pay rate is also adjusted by any increase in the tenure component of special pay due on

January 8, 2006, regardless of the former \$190,000 total pay limitation. Retained geographic adjustment pay (GAP) under the Federal Employees Pay Comparability Act of 1990 is considered base pay for the purpose of calculating the initial rate of market pay. The PAID system automatically determines the initial market pay amount for each current physician and dentist and records the amount on the conversion Notification of Personnel Action, SF-50. Local action is not required.

(2) All physicians and dentists will have market pay and tier decisions made no later than April 7, 2006. A Compensation Panel must recommend an appropriate tier and market pay amount for each current VHA physician and dentist. Appropriate approving officials must consider the recommendations and make final decisions prior to April 7, 2006. Any increases resulting from this consideration must be effected retroactive to January 8, 2006, using PAID coding instructions issued by the Workforce Information Systems Team. Procedures for Compensation Panels are contained in paragraph 13. The criteria to be considered by a Compensation Panel when determining the tier and market pay amount are contained in paragraph 9.

(3) Individuals serving on temporary assignments or details as of January 8, 2006, will be reviewed by a Compensation Panel in accordance with the provisions of this paragraph to determine the amount of market pay and tier for both the temporary assignment or detail and the individual's permanent assignment. In no case shall the sum of base and market pay for the permanent assignment be less than the amount the individual would have received under subparagraph (1) above if not temporarily promoted or detailed at the time of initial conversion.

d. **Performance Pay.** Since performance pay is a lump sum payment disbursed in accordance with the procedures and timing specified in paragraph 12, it is not a factor in the initial conversion. VHA physicians and dentists will be eligible for performance pay based on achievement of specified goals and objectives during the fiscal year rating period beginning October 1, 2005 and ending September 30, 2006. Goals and objectives shall be prescribed no later than July 1, 2006. Performance pay is to be paid to physicians and dentists for the rating period of fiscal year 2006 no later than March 31, 2007 based on the procedures contained in paragraph 12 of this part.

e. **Preservation of Pay.** The amount of annual pay (base plus market) paid to a physician or dentist as a result of the January 8, 2006, conversion may not be less than the amount of pay (base plus special pay and GAP, if applicable) paid to the individual on the day before conversion (plus any increases to base pay or mandatory adjustments to special pay effective on January 8, 2006) for as long as the individual remains in the same assignment. If necessary, the amount of market pay determined under paragraph 9 shall be increased to the extent necessary so that the new total pay rate (base plus market) is equivalent to the former amount of pay (base plus special pay and GAP, if applicable). The PAID system will automatically make this adjustment for those undergoing automatic conversion.

f. **Oversight and Accountability.** After the initial recommendation of the Compensation Panel and subsequent review of the approving official, each proposed pay determination must be submitted to VACO for review (via a web based data entry system) prior to signature and approval of VA Form 10-432A. No final decisions on conversion actions may be made by the approving official until confirmation is received from VACO. This notification also applies to individuals for whom no pay change is proposed.

23. REFERENCES

- a. Public Law 108-445, December 3, 2004
- b. 38 U.S.C. 7404
- c. 38 U.S.C. 7431
- d. 38 U.S.C. 7432
- e. 38 U.S.C. 7433]

[APPENDIX A. CREDITABLE SERVICE FOR BASE PAY DETERMINATIONS]

1. The VA Service Date reflects the cumulative amount of time physicians and dentists have served in the Veterans Health Administration (VHA). It is used to determine an employee's placement on the Physician and Dentist Base and Longevity Pay Schedule.
2. Calculate the VA Service date in the same manner as a service computation date by subtracting the total amount of creditable service from the effective date of the appointment.
3. In order to be creditable towards the VA Service Date, the VHA service may include some leave without pay and need not have been continuous but must have been under 38 U.S.C. 7306 (formerly 4103), 7401(1) (formerly 4104(1)), or 7405(a)(1)(A) (formerly 4114(a)(1)(A)), under a career residency, VA fellowship, or the Career Development Program (see M-3, pt. II, ch. 8).
4. The following types of appointments and service are creditable in the computation of the VA Service Date:
 - a. Appointment as the Under Secretary for Health.
 - b. Appointments under 38 U.S.C. 7306 (formerly 4103) as a physician or dentist; full-time permanent appointments under 38 U.S.C. 7401(1) (formerly 4104(1)); temporary full-time or part-time appointments under 38 U.S.C. 7405(a)(1)(A) (formerly 4114(a)(1)(A)).
 - c. Appointments to a VA fellowship under 38 U.S.C. 7405(a)(1)(A) (formerly 4114(a)(1)(A)), which are restricted to individuals who are VA employees immediately prior to entering the VA fellowship.
 - d. Career residencies. **NOTE:** *This appointment authority is no longer used.*
 - e. Service as an Associate Investigator, Research Career Development and Advanced Research Career Development awardees (formerly Clinical Investigators, Research Associates, Medical Investigators, and Senior Medical Investigators) under the auspices of the Office of Research & Development, provided the service was performed under one of the appointments authorities in subparagraph b, above.
 - f. Intermittent service under 38 U.S.C. 7405(a)(1)(A) (formerly 4114(a)(1)(A)). One year of service will be credited for every 260 days of paid service.
 - g. Leave without pay (LWOP) of up to 15 days per year.
5. The following types of appointments and service are not creditable in the computation of the VA Service Date:
 - a. Appointments as residents under 38 U.S.C. 7406 (formerly 4114(b)), whether paid on a stipend schedule or disbursement agreement. **NOTE:** *Some appointments may be referred to as fellowships, but the appointment is clearly identified as a resident on the SF 50-B.*

- b. Internships under 38 U.S.C. 7406 (formerly 4114(b)), which are now combined with first year residencies.
- c. Appointments to VA fellowships under 38 U.S.C. 7406 (formerly 4114(b)), used for individuals who are not employed by VA immediately prior to the fellowship appointment.
- d. Without-compensation (WOC) appointments under 38 U.S.C. 7405 (formerly 4114(a)(1)(A)).
- e. Fee-basis appointments under 38 U.S.C. 7405(2) (formerly 4114(a)(1)(B)), whether on fee-for-service, or per annum basis.
- f. Service as off-station fee basis or on scarce medical specialty contract.
- g. LWOP in excess of 15 days per year.]

[APPENDIX B. EXCEPTIONS TO THE MAXIMUM OF THE ANNUAL PAY RANGE]**1. GENERAL**

a. In accordance with VA Handbook 5007, Part IX, paragraph 14, the annual pay for a physician or dentist may not exceed the maximum amount in the nationwide pay range prescribed by the Secretary for a specialty or assignment.

b. It is expected that the maximum amount in the nationwide pay range will meet most pay and staffing needs. However, the Under Secretary for Health or designee may grant an exception to the maximum on an individual, specialty or assignment, and/or facility-specific basis if such action is necessary to recruit or retain well qualified physicians and dentists.

c. Exceptions to the maximum amount in the nationwide pay range will only be considered if failure to approve the exception would significantly impair a facility's ability to recruit and retain well qualified physicians and dentists.

d. Exceptions to the maximum amount of a nationwide pay range are not required for physicians and dentists who will exceed the pay range due to a longevity step increase or a statutory general increase in pay.

2. FACILITY DIRECTOR OR REQUESTING OFFICIAL RESPONSIBILITIES

a. Identifying the need for and requesting exceptions;

b. Reducing or canceling previously approved exceptions when they determine the exceptions are no longer warranted, and notifying VHA's Management Support Office through the appropriate VISN Director (10N__/10A2) of the reasons for reduction or cancellation; and

c. Coordinating requests for specialty/assignment and/or facility-specific exceptions and decisions to reduce or cancel previously approved exceptions with VA facilities located in the same labor market.

3. CRITERIA FOR APPROVAL. Each facility submitting a request for an exception to the maximum in the pay range for an individual, specialty or assignment, and/or facility-specific basis must demonstrate that a higher maximum is necessary to maintain adequate staffing. Factors to consider include:

a. Specialty or Assignment, and/or Facility-Specific Exception to the Maximum of the Annual Pay Range

(1) Higher Maximum Rates

(a) There is evidence or anecdotal information that the maximum rates in the community are higher than VA's maximum rate for the specialty or assignment. However, higher rates in the community may not be the sole basis for making a request for an exception to the maximum of the market pay range; and

(b) Employees are quitting for pay and the potential exists for an adverse impact on patient care;

(2) **Quality of Candidates.** Historical evidence indicates that the quality of or a lack of candidates is unacceptable because of higher pay rates being offered in the labor market for the assignment or specialty. Documentation of specific recruitment efforts must be provided to support this factor;

(3) **Alternative Job Offers.** There is evidence that applicants and employees are being offered higher rates of pay for the same assignment or specialty in the labor market; and

(4) **Other Criteria.** The facility may submit any evidence of pay-related staffing problems which seriously hamper or have the potential to seriously hamper its ability to recruit and retain physicians and dentists in the specialty or assignment.

b. Individual Exception to the Maximum of the Annual Pay Range

(1) The individual should have outstanding qualifications in a medical or dental specialty or possess a unique combination of education and experience that meets a special need of the facility that may be project specific or critical to the VA mission.

(2) A discussion of what factors distinguish the individual when compared with other physicians or dentists with like length of service, specialty, and assignment; or a discussion of the rare combination of education and experience which the individual has and how it meets a special need of the facility or the mission of VHA.

4. REQUESTING EXCEPTIONS. Requests for exceptions to the maximum of the nationwide pay range will be sent through the appropriate Network Director (10N__) to VHA's Management Support Office (10A2), which will review each request and make appropriate recommendations to the Under Secretary for Health or designee. Requests shall include the following:

- a. The individual or specialty or assignment for which the exception is requested;
- b. The amount of maximum pay requested;
- c. The reasons for the request, including documentation specific to the criteria in paragraph 3; and
- d. Any other pertinent information.

5. EFFECTING EXCEPTIONS. When an exception is approved, employees in the assignment or specialty may be referred to the Compensation Panel for a market pay review as deemed necessary by an appropriate management official.

**6. REDUCTION OR CANCELLATION OF EXCEPTIONS TO THE MAXIMUM IN THE
NATIONWIDE PAY RANGE**

- a. When an exception under this appendix is reduced or canceled, current employees will retain their rate of pay.
- b. Facility Directors will report any reductions or cancellations of previously approved exceptions to the appropriate Network Director (10N___/10A2).]

DEPARTMENT OF VETERANS AFFAIRS
Veterans Health Administration
Title 38, U.S.C. Sec. 7431
PHYSICIAN AND DENTIST
BASE AND LONGEVITY PAY SCHEDULE

STEP	TENURE (in years)	SALARY
1	2 or less	\$90,000
2	2 to 4	\$93,000
3	4 to 6	\$96,000
4	6 to 8	\$99,000
5	8 to 10	\$102,000
6	10 to 12	\$105,000
7	12 to 14	\$108,000
8	14 to 16	\$111,000
9	16 to 18	\$114,000
10	18 to 20	\$117,000
11	20 to 22	\$120,000
12	22 to 24	\$123,000
13	24 to 26	\$126,000
14	26 to 28	\$129,000
15	more than 28	\$132,000

Office of Human Resources Management and Labor Relations

Effective January 8, 2006